

## Message Text

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66

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-10

PA-02 PRS-01 USIA-15 FEA-01 /105 W

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R 101500Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8586

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY MEXICO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

AMEMBASSY QUITO

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E.O. 11652: N/A

TAGS: ERTD, ECIN, BR

SUBJECT: SELA AND BRASIL/VENEZUELAN COOPERATION

REF: BRASILIA 1708; BRASILIA 1319

1. SUMMARY: VENEZUELAN PLANNING MINISTER GUMERSINDO RODRIGUES VISITED BRAZIL APRIL 1-3 TO DISCUSS ECONOMIC COOPERATION BETWEEN THE TWO COUNTIES AND TO FURTHER EMPHASIZE VENEZUELA'S AND MEXICO'S PROPOSAL FOR THE ESTABLISHMENT OF SELA. NO CONCLUSIONS OR SPECIFIC PROJECTS WERE ANNOUNCED FOLLOWING HIS MEETINGS WITH GOB ECONOMIC MINISTERS AND WITH PRESIDENT GEISEL, ALTHOUGH GUMERSINDO INDICATED THAT THE RESULTS OF HIS VISIT WILL MATERIALIZE SOON IN GREATER ECONOMIC COOPERATION BETWEEN BRAZIL AND VENEZUELA. THE VISIT, UNCLASSIFIED

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HOWEVER, TRIGGERED A FURTHER ELABORATION OF THE GOB POSITION ON

ESTABLISHMENT OF SELA. GOB POSITION, ACCORDING TO FOREIGN MINISTRY, IS THAT BRAZILIAN PARTICIPATION IN SELA IS UNDER STUDY AND THAT, IF CREATED, THE ORGANIZATION SHOULD NOT BE ONE FOR CONFRONTATION AND IT SHOULD BE OPERATIONAL AND EFFECTIVE IN PROMOTING LA ECONOMIC COOPERATION. END SUMMARY.

2. FOLLOWING THE RECENT VISIT OF FINANCE MINISTER HECTOR HURTADO (BRASILIA 1319), VENEZUELAN PLANNING MINISTER GUMERSINDO RODRIGUES WAS IN BRASILIA APRIL 1-3 FOR A SERIES OF MEETINGS THAT HE CLASSIFIED AS "AIMED AT THE IDENTIFICATION OF PROJECTS THAT CAN BE JOINTLY DEVELOPED BY BRAZIL AND VENEZUELA". GUMERSINDO CALLED ON GOB MINISTERS OF FINANCE, AGRICULTURE, INTERIOR, PLANNING, MINES AND ENERGY, INDUSTRY AND COMMERCE, AND FOREIGN AFFAIRS, AS WELL AS THE SECRETARY-GENERAL OF PLANNING MINISTRY AND THE PRESIDENT OF THE NATIONAL ECONOMIC DEVELOPMENT BANK (BNDE). ON APRIL 2, HE WAS RECEIVED BY PRESIDENT GEISEL FOR A HALF-HOUR MEETING.

3. SUBSEQUENT TO HIS MEETING WITH PRESIDENT GEISEL, THE VENEZUELAN MINISTER SAID THAT THE PURPOSE OF HIS VISIT WAS MAINLY THE IDENTIFICATION OF ECONOMIC PROJECTS THAT WOULD GIVE SUBSTANCE TO SELA PROPOSAL. PROSPECTIVE PROJECTS REPORTED BY THE PRESS INCLUDED ESTABLISHMENT OF BINATIONAL COMPANIES FOR PETROLEUM REFINING, ALUMINUM PROCESSING, FERTILIZERS AND SHIPBUILDING, THE ESTABLISHMENT OF A BINATIONAL INVESTMENT COMPANY, AND A COOPERATIVE ARRANGEMENT ON HIGHWAY PAVING AND CEMENT SUPPLY. WHILE VISITING INTERIOR MINISTER RANGEL REIS, GUMERSINDO RODRIGUES REPORTEDLY EXPRESSED INTEREST IN GOB REGIONAL DEVELOPMENT PROGRAMS, PARTICULARLY THOSE CONCERNING THE AMAZON, WHERE VENEZUELA MAY BE WILLING TO INVEST IN AGRO-INDUSTRIAL PROGRAMS. HE ALSO MENTIONED A US\$19.5 MILLION GOV EDUCATIONAL PROGRAM TO TRAIN 10,000 VENEZUELAN STUDENTS ABROAD AND THAT A LARGE NUMBER MAY GO TO BRAZIL.

4. WITH RESPECT TO SELA, GUMERSINDO SAID THAT THE PROPOSED ORGANIZATION WOULD NOT ENGAGE IN AGGRESSIVE ACTION AGAINST ANY COUNTRY BUT THAT IT WOULD PROMOTE THE FORMATION OF A "BLOCK" OF ALL LA COUNTRIES. THE MINISTER ALSO SAID THAT SELA WAS NOT INTENDED TO CONFRONT THE US OR MULTINATIONAL CORPORATIONS. HE DEFINED SELA AS AN ORGANIZATION TO UNCLASSIFIED

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STRENGTHEN LATIN AMERICA, AIMED AT ACHIEVING BALANCE OF PAYMENTS EQUILIBRIUM OF ITS MEMBERS AND FOSTERING TRADE IN INDUSTRIAL PRODUCTS AMONG LATIN AMERICAN COUNTRIES. GUMERSINDO RODRIGUES SAID THAT HE DOES NOT BELIEVE SELA WOULD BE INCOMPATIBLE WITH IMPROVED US-LA RELATIONS, SINCE "IT IS NOT AN ANTI-AMERICAN, BUT SOLELY A PRO-LA ORGANIZATION." HE SAID THAT MUCH OF LATIN AMERICA'S RESOURCES ARE NOT BEING EXPLOITED AND HE BELIEVED THAT THE LATIN AMERICANS, THEMSELVES,

SHOULD DEVELOP THOSE RESOURCES INSTEAD OF WAITING FOR MULTI-NATIONAL CORPORATIONS TO DO IT, ALTHOUGH HE MENTIONED THE POSSIBILITY OF NON-LA COMPANIES PARTICIPATING IN REGIONAL MULTINATIONALS.

5. FOLLOWING THE VISITOR'S MEETINGS, GOB FOREIGN MINISTER SILVEIRA, IN RESPONSE TO A PRESS QUERY, SAID THAT QUESTION OF BRAZILIAN PARTICIPATION WAS UNDER STUDY WITHIN GOB AND THAT BRAZILIAN SUPPORT WOULD DEPEND ON WHETHER OR NOT THE ORGANIZATION WOULD SERVE AN OPERATIONAL PURPOSE TO MEET THE VARIED INTERESTS OF ITS MEMBERS. FOREIGN MINISTER SOURCES SUBSEQUENTLY FOLLOWED UP THE MINISTER'S COMMENTS WITH A PRESS BRIEFING. THESE SOURCES SAID THAT IF THE GOB DECIDES TO PARTICIPATE IN SELA IT WOULD TAKE AN ACTIVE ROLE TO CREATE AN ORGANIZATION AIMED AT EFFECTIVE ECONOMIC COOPERATION AMONG LATIN AMERICAN COUNTRIES AND NOT SOLELY FOR THE DEFENSE OF RAW MATERIALS. THEY ELABORATED THAT SELA SHOULD NOT BE AN ORGANIZATION OF CONFRONTATION OR AN INEFFECTUAL ORGANIZATION THAT HINDERS LATIN AMERICAN DEVELOPMENT MORE THAN IT HELPS. THESE FOREIGN OFFICE SOURCES COMMENTED THAT SELA WOULD HAVE TO AVOID TWO NEGATIVE CHARACTERISTICS OF EXISTING ORGANIZATIONS SUCH AS LAFTA AND THE ANDREA PACT. THEY SAID THESE WERE - FIRST, A TENDENCY TO DO NOTHING BUT REGISTER COMPLAINTS ABOUT OTHER MEMBERS AND PREVENT INDIVIDUAL COUNTRIES FROM TAKING ADVANTAGE OF OPPORTUNITIES ON A BILATERAL BASIS, AND SECOND, INSISTENCE ON PRIOR CONSULTATION, WHICH ACTED AS AN INHIBITION ON INITIATIVES BY MEMBER COUNTRIES AND PREJUDICED THE REALIZATION OF MULTILATERAL PROJECTS. A JOINT ENTERPRISE TO SUPPLY PETROLEUM EXPLORATION EQUIPMENT WAS MENTIONED AS A POTENTIAL PROJECT OF INTEREST TO BRAZIL. PRESS REPORTED THAT SELA OPERATIONS WOULD BE THE SUBJECT OF A FORTHCOMING MEETING TO BE HELD IN CARACAS OR MEXICO CITY, POSSIBLY IN JULY.

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CRIMMINS

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-10

PA-02 PRS-01 USIA-15 FEA-01 /105 W

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R 101500Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8587

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY MEXICO

AMCONSUL RIO DE JANEIRO

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6. THE BRAZILIAN PRESS REACTED TO THE VENEZUELAN VISIT AND DISCUSSIONS OF SELA WITH GENERALLY THE SAME ATTITUDE OF FAVOR AND CAUTION REFLECTED IN THE FOREIGN MINISTRY POSITION. THE INFLUENTIAL O ESTADO DE SAO PAULO, HOWEVER, PUBLISHED A LENGTHY EDITORIAL RAISING A NUMBER OF CRITICAL CONSIDERATIONS. THE ESTADO SUPPORTED THE CONCEPT OF AN INITIATIVE FOR BETTER COORDINATION AND CLOSER INTEGRATION AMONG LATIN AMERICAN COUNTRIES ON ECONOMIC QUESTIONS BUT IT OPPOSED WHAT IT TERMED A GROWING HOSTILITY AMONG SOME OTHER LA COUNTRIES TOWARD THE US. THE PAPER CRITICIZED EFFORTS TO CONFUSE THE ECONOMIC OBJECTIVE OF COOPERATION WITH THE POLITICAL AIM OF CONFRONTATION. IF THE GOVERNMENTS OF MEXICO AND VENEZUELA WERE PRO-POSING SELA FOR ECONOMIC REASONS, ESTADO EDITORIALIZED, THEN THEY SHOULD BEGIN BE EXAMINING THE INTER-RELATIONSHIPS AMONG UNCLASSIFIED

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LATIN AMERICAN COUNTRIES, THEMSELVES, AND THE REASONS WHY EXISTING INTEGRATION ORGANIZATIONS HAVE ESSENTIALLY FAILED. ESTADO APPLAUSED AND CONCLUDED BY ASKING HOW VENEZUELA SYSTEM IN THE HEMISPHERE ESTABLISHED TO MAINTAIN PRICES AGAINST NON-HEMISPERIC CARTELS WHEN THAT COUNTRY ITSELF WAS ONE OF THE CHAMPIONS OF HIGH PETROLEUM PRICES WHICH HAVE AFFECTED PRACTICALLY ALL LA COUNTRIES. CRIMMINS

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REGIONAL ORGANIZATIONS, ECONOMIC INTEGRATION, GOVERNMENT REACTIONS, CARTELS, INTERGOVERNMENTAL COOPERATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 BRASILIA 1708, 75 BRASILIA 1319  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 JUN 2003 by SilvaL0>; APPROVED <21 JAN 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SELA AND BRASIL/VENEZUELAN COOPERATION  
**TAGS:** ETRD, ECIN, BR, SELA, (RODRIGUES, GUMERSINDO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006